

Special Comment

Moody's Public Finance

August 2008

Spotlight on U.S. Catholic Higher Education Sector

Strong Mission, Larger Enrollments, Favorable Operating Performance, Weaker Balance Sheets, Growing Emphasis on Fundraising

Summary

Catholic colleges and universities comprise a major sector of U.S. higher education, enrolling 22% of all students enrolled in four-year, private colleges rated by Moody's. As a group, Catholic higher education institutions share a common mission and programmatic focus, with similar credit features that are distinctive from the remainder of the private higher education sector. Compared with non-Catholic peers, the Catholic institutions tend to be larger in terms of enrollment and charge a generally lower net tuition per student, reflecting their mission of access and affordability for Catholic higher education. Private fundraising has historically not been a major focus of these institutions' boards, resulting in below-average endowments. Catholic colleges and universities are highly reliant on student tuition revenues, but manage operations conservatively to produce generally favorable operating performance and strong annual cash flow.

This Special Comment examines Moody's-rated Catholic higher education institutions, identifying the credit strengths and challenges for that sub-sector of the private higher education market. For trends and median calculations, we used the group of 55 colleges and universities that are members of the Association of Catholic Colleges and Universities (ACCU) and are rated by Moody's.

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Analyst Contacts:

New York	1.212.553.1653
Diane F. Viacava	1.212.553.4734
<i>VP-Senior Credit Officer</i>	
Roger Goodman	1.212.553.3842
<i>VP-Senior Analyst</i>	
John Nelson	1.212.553.4096
<i>Team Managing Director</i>	



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Overview of Moody's Portfolio

The Association of Catholic Colleges and Universities (ACCU), founded in 1899, is a voluntary association that represents more than 90% of accredited Catholic institutions of higher learning in the United States with 196 American member institutions. Moody's Higher Education Ratings Team currently maintains ratings on the unenhanced credit quality of 55 ACCU member institutions, about 28% of the institutional membership and an estimated 44% of students enrolled. The analysis in this Spotlight is based on these 55 institutions ("ACCU members"), which are compared to the remaining 225 Moody's-rated private colleges and universities that are not members of the ACCU ("other privates"). ACCU members represent a significant segment of Moody's rated private higher education sector — nearly 20% of the rated institutions and 12% of the total debt outstanding.

Ratings on ACCU members range from **Aaa** to **Ba1**, with an average rating of **A3** by number of institutions and an average debt-weighted rating of **A2**. In Fiscal Year (FY) 2007, ACCU members had over \$7.4 billion of debt outstanding. This contrasts with non-ACCU private higher education institutions, which have an average rating of **A2** by number of institutions and an **Aa3** average debt-weighted rating.

Common Credit Trends Among Moodys-Rated Catholic Higher Education Institutions

Credit Strengths

- Important providers of private higher education, with large, growing enrollment
- Market positioning driving growth in net tuition revenues
- Strong operating performance, with solid cash flow generation and debt service coverage

Credit Challenges

- High reliance on student charges, with undiversified revenue base
- Shorter history of extensive fundraising resulting in lower gift revenues and smaller endowments
- Capital needs driving rising debt, with more leveraged balance sheets and thinner operating cushions

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Market Position/Competitive Strategy

Important Provider of Higher Education, with Large and Growing Enrollments

Catholic higher education has a long history in America. Beginning with the founding of Georgetown University in 1789 by the Jesuits (Society of Jesus), Catholic higher education has grown to be an important segment of private higher education. Since that time, the number of Catholic four year institutions has grown to 217 in the United States, with the most recent founded in 2007. Most of the colleges and university were founded by Catholic religious orders of priests, brothers or nuns such as the Jesuits, Sisters of St. Joseph (College of St. Catherine) or the Congregation of Holy Cross (University of Notre Dame). A few, such as the University of St. Thomas in Minnesota and Seton Hall University in New Jersey, were founded by individual diocesan bishops of the Catholic Church. According to data from the ACCU, for the fall 2005 over 686,000 students were enrolled at all Catholic four-year higher education institutions, representing over 20% of total enrollment of the 3.4 million in private four-year colleges.^{1, 2} Based on enrollment, Catholic colleges as a whole are a major force in higher education.

For fall 2007, median enrollment for rated ACCU members was 4,392 full-time equivalent (FTE) students — meaningfully larger than the median FTE enrollment of 2,735 for other rated private colleges and universities. Rated ACCU members show a broad range in enrollment sizes — the smallest of the colleges, Clarke College of Iowa, reported 1,099 FTEs while DePaul University in Chicago is one of the nation's largest private universities, enrolling nearly 20,000 FTEs. As a subsector of private higher education, ACCU members are less selective than their non-Catholic peers, accepting 65% of applicants for fall 2007 compared with an industry-wide median of 53%. However, three of the institutions — University of Notre Dame (**Aaa**), Boston College (**Aa3**), and Georgetown University (**A3**) — are among the nation's most selective institutions, accepting 27% or fewer of applying freshman from across the nation. Median yield of accepted students was 26% for ACCU members in 2007, modestly lower than the 32% for other privates, demonstrating the competition ACCU members face from other private and public colleges and universities. Again, some institutions demonstrated consistently high yield, notably University of Notre Dame with 56% of accepted students enrolling in fall 2007.

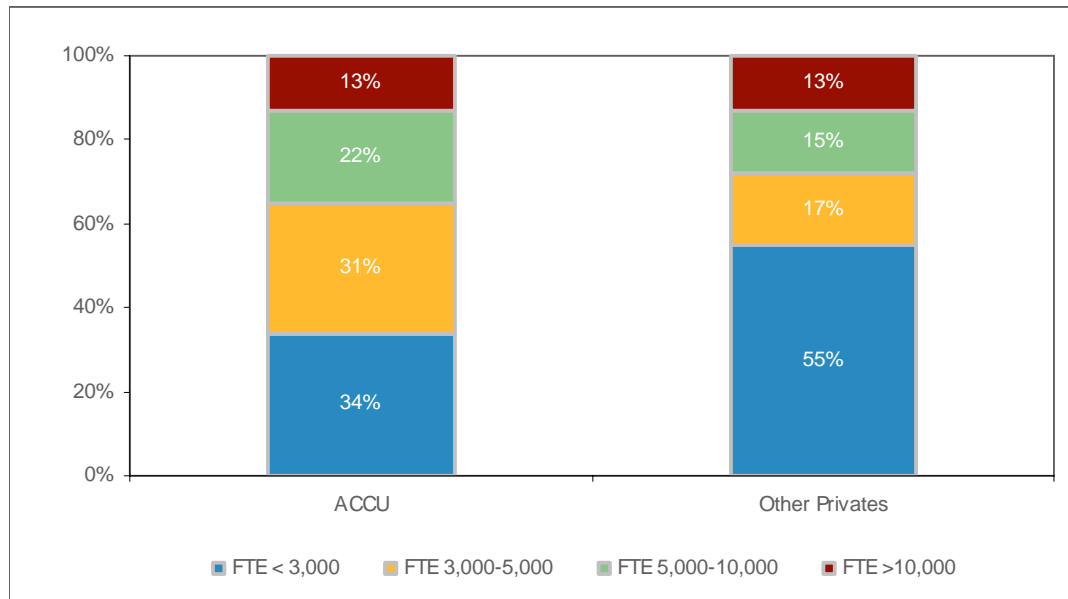
Higher education enrollment in the U.S. has increased steadily over the past decade, driven by a number of factors, including the rise in high school graduates coupled with increasing higher education participation. ACCU members experienced faster growth than non-Catholic institutions, with ACCU members showing a 1.7% compound annual growth in median FTE enrollment from fall 2003 to 2007, compared to only 0.2% for other privates.

¹ "Catholic Colleges and Universities: An Institutional Overview", Association of Catholic Colleges and Universities.

² "Digest of Education Statistics: 2007", NCES, Table 177, Fall 2005 Data.

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Figure 1: Catholic Colleges & Universities Enroll More Students on Average
 Percent of Full-Time Equivalent (FTE) Students Enrolled at Moody's-Rated ACCU Members and Other Privates by Size

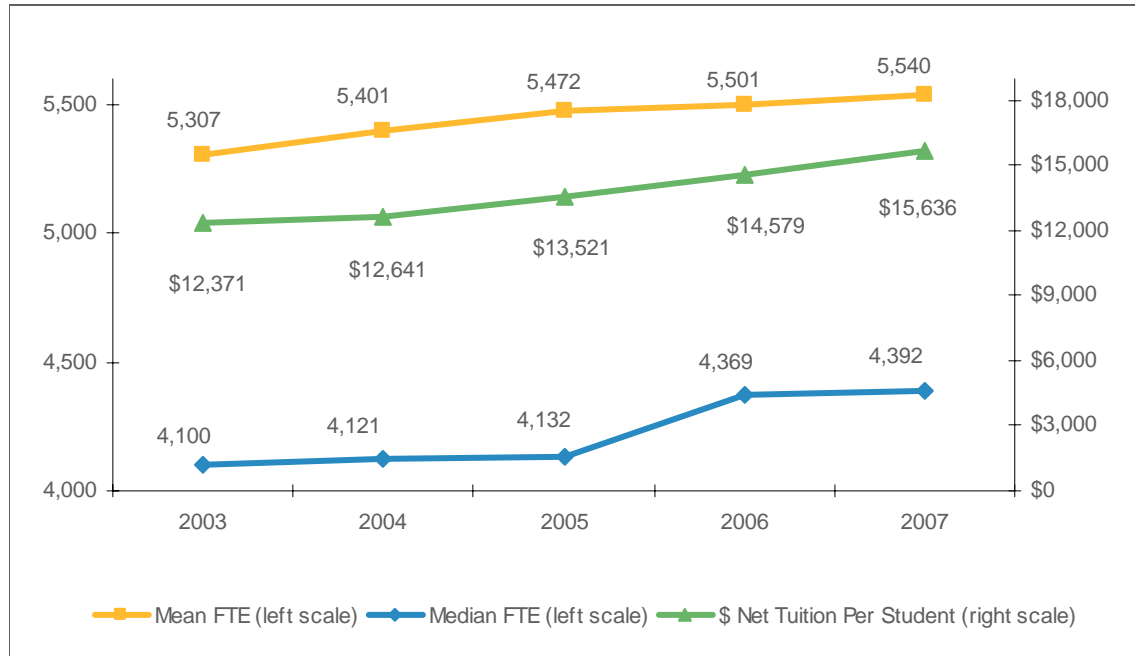


Source: Moody's Investors Service

The greater enrollment size and growth of many ACCU members is partly attributable to their locations in or near urban locations that are favored by today's students. Some Catholic colleges and universities have taken advantage of their urban location to strategically reposition their institutions. They have sometimes done this by expanding academic program offerings in professional schools such as law, medicine and engineering. A prominent example is Boston College, which over the past twenty years has transformed itself from a local commuter institution into a nationally prominent provider of professional degree programs. Many Catholic institutions have emphasized growth in their undergraduate enrollment as an expression of their service mission, whereas many other privates have been heavily focused on limiting enrollment growth in order to become more selective and enhance a market reputation of quality.

Historically Catholic higher education has primarily pursued a mission of access, moral teaching and undergraduate learning, rather than focusing on large graduate and research programs. This strategy has enabled large numbers of Catholic and non-Catholic students of lower and middle income families to obtain a college education. Not surprisingly, there is a substantial difference in net tuition per student for Catholic institutions and other private colleges and universities. For FY 2007, ACCU members had a median net tuition per student of \$15,636, compared to \$18,101 for non-Catholic institutions, over 15% lower. However, ACCU members have grown net tuition revenue at a faster pace than other institutions — a 6.0% compound growth rate from FY 2003 to FY 2007 compared to 4.7% for other privates. The consistently lower tuition levels reflect the Catholic higher education sector's mission of providing students affordable access to a college degree, including offering a lower sticker price for those middle income students that cannot qualify for financial aid programs.

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Figure 2: Catholic Higher Education Experiencing Rising Enrollment and Growing Tuition Revenues

Source: Moody's Investors Service

The recent rise in net tuition revenues at ACCU member institutions reflects their need to pass along rising educational expenses, such as technology costs, building modernizations and expanding research programs at some of the larger universities. Growth in professional degree programs, such as MBA and law programs, has helped fuel increasing net tuition revenue as well. These programs require little tuition discounting and are competitively priced.

Governance

Different Governance History Explains More Recent Emphasis on Philanthropy and Smaller Endowments

The governance history of many Catholic higher education institutions is quite different from their non-Catholic peers. Most Catholic colleges and universities were founded by religious orders of priests, brothers and nuns and for much of their history were governed directly by their founding orders without a separate board of trustees. It has only been comparatively recently in their history--since the 1970s-- that Catholic colleges and universities formed separate boards of trustees to perform governance functions, although religious sponsors continue to influence governance at most institutions. Prior to this change, there was comparatively little attention paid to promoting philanthropy as a key pillar of financial development, long a commonplace strategy at most private colleges and universities. While the strong linkage between a Catholic institution and its founding order continues to drive mission and curriculum, there is now new philanthropic and executive leadership being provided by lay board members and presidents.

Religious members of the sponsoring organization formerly served in management or faculty positions in relatively large numbers at many schools. That has changed over the past several decades as the number of religious members has declined, causing a shortage of religious leaders available to lead boards and assume college presidencies. With the influx of more lay board members and presidents from different professional backgrounds, ACCU members have benefited from more diversified leadership strategies and experiences.

Due to the relatively recent establishment of boards of trustees and the acknowledged need to recruit philanthropically-oriented board members, most ACCU members have smaller endowments compared to their non-Catholic peers. There is now an emphasis on developing a culture of philanthropy and attention to

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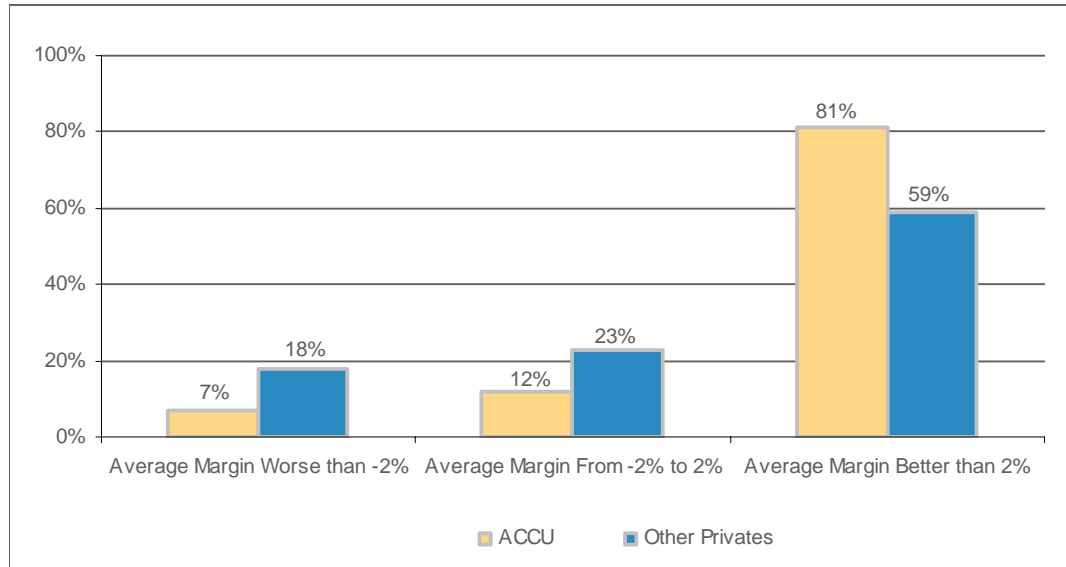
endowment growth to the degree typical of the rest of the private higher education sector. The endowment gap with non-Catholic peers is slowly narrowing as Catholic higher education diversifies board membership to include alumni and others who can contribute larger amounts to the institution. Many ACCU institutions are now aggressively investing in fundraising programs and emphasizing giving capacity in the recruitment of new board members. Most Catholic colleges and universities have now launched or successfully completed fundraising campaigns targeted for campus capital projects and endowment, and one university, the University of Notre Dame, is seeking to raise \$1.5 billion by 2011 in a comprehensive capital campaign. Others are expected to reach the billion dollar campaign size in the near future.

Operating Performance

Strong Operating and Cash Flow, Providing Good Debt Service Coverage, Although From Low Revenue Diversity

Moody's expects that Catholic higher education sector will continue to produce favorable operating margins and good debt service coverage. In FY 2007, the median three-year average operating margin for ACCU members was 4.0%, compared to a 3.2% median for non-ACCU private colleges and universities. ACCU members have shown generally consistent operating performance, with average operating margins ranging from 3.7% to 4.0% during the past five years. Cash flow is good, with the median operating cash flow margin in FY 2007 of 14.4%, providing average debt service coverage of 2.7 times.

Figure 3: Most ACCU Members Generate Larger Operating Surpluses



Source: Moody's Investors Service

Student charges represent the single largest component of total revenues for Catholic institutions, with tuition and auxiliary revenues comprising a median of 82% of total operating revenues for FY 2007. With the high reliance on student charges, ACCU members must show continued growth in net tuition revenues. This compares to a median 68% for other private institutions. Investment income (endowment spending) and gifts at the Catholic colleges and universities comprise substantially lesser portions of revenue — medians of 5% and 6%, respectively — compared to medians of 9% for investment income and 7% for gift revenues at other privates.

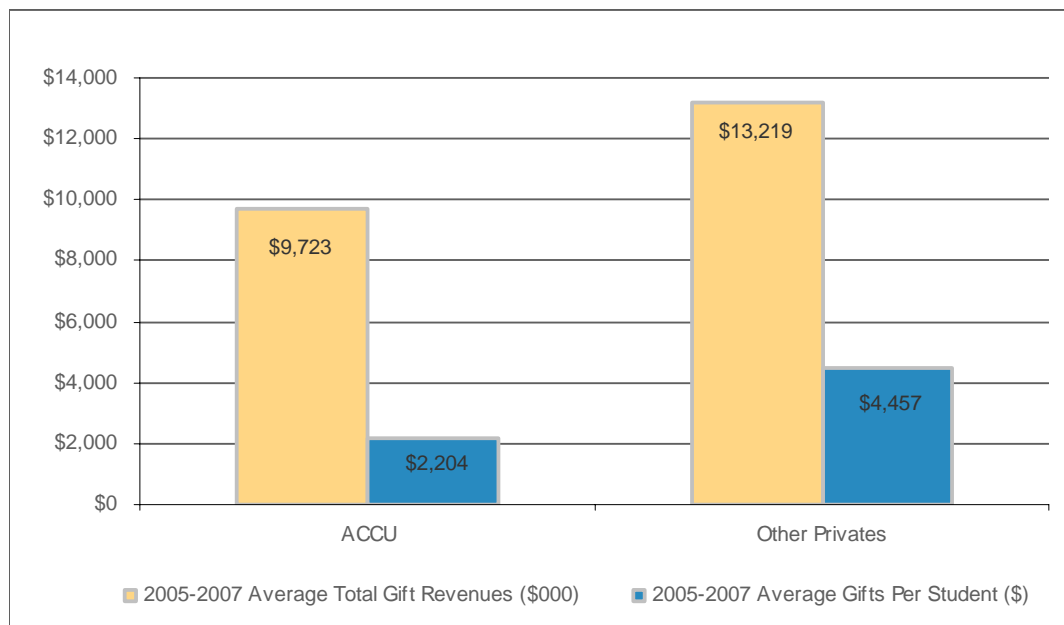
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Balance Sheet Position

Historically Less Active Fundraising Drives Smaller Endowments and Thinner Resource Cushions

Historically, Catholic higher education institutions have demonstrated more modest fundraising success, driven by a number of factors. As discussed above, with the make-up of most Catholic institutions' boards, the governance structure of Catholic institutions resulted in fewer large single gifts and overall philanthropy. Sponsors have shown their financial commitments to their institutions, historically by donating the religious' services to the institutions' through teaching or other activities and more recently by contributing lead gifts to Catholic colleges' and universities' capital campaigns.

Figure 4: Catholic Higher Education Fundraising Lags Peer Institutions



Source: Moody's Investors Service

Nonetheless, Catholic institutions have shown a lesser ability to generate gifts to support operations. The median average gift revenues totaled \$9.7 million in FY 2007 for ACCU members, significantly lower than the median \$13.2 million average gift revenues for other privates. Although the increased focus on fundraising is also reflected in the 6.4% compound annual growth in gift revenues from 2003 to 2007, it is markedly lower than the 9.3% for other privates.

The Catholic higher education sector is now actively building and investing in development activities, with many already conducting or planning to launch a major campaign. Although many efforts will be generally modest compared to other private colleges and universities, those Catholic colleges and universities with a "national brand" could launch campaigns with goals similar to other privates. As already noted, the University of Notre Dame is currently in the midst of a \$1.5 billion comprehensive capital campaign slated to end in 2011, and is well on its way to achieving that goal.

ACCU members generally have thinner balance sheet resources in both absolute terms and as a cushion relative to debt and annual operating expenses. For FY 2007, median expendable resources to debt was 1.2 times, well below the 1.9 times for other privates. Operating cushions were likewise thinner, with the ACCU members showing a median of 0.9 times (or nearly eleven months of annual operating expenses) compared to a median of 1.5 times (or eighteen months) for other privates.

As higher education debt has increased sharply in recent years, ACCU members have also raised their leverage position, showing a 9.6% compound annual growth rate in debt from 2003 to 2007 to a median \$75.8

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million in FY 2007. Despite this brisk growth, the ACCU increase remains somewhat lower than the rise in debt activity of other privates, which showed growth of 11.9% from 2003 to 2007 to the median of \$88.2 million. ACCU members have been active in the debt market, driven by ongoing capital needs to maintain competitive positions, dealing with aging facilities, and success in fundraising for capital projects. We expect Catholic institutions will continue to issue significant debt as they continue to invest in their facilities to maintain competitiveness, deal with deferred maintenance, and provide bridge funding for pledged gifts for capital projects.

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Conclusion

As a group, Catholic colleges and universities are important providers of higher education in the United States, with large and growing enrollments. Although usually operating in often highly competitive market segments, operating performance is typically strong, albeit with a high dependence on student charges as a revenue source. This dependence makes it imperative that the institutions maintain a strong market presence to attract net tuition paying students and for continued sound operating performance. Due to historical governance structures often requiring significant religious board representation, there has been less of a focus on fundraising than for the overall higher education sector. This has resulted in generally smaller endowments, as well as fewer gift-funded capital projects. However, this is changing as many institutions build their development areas. Although we expect Catholic colleges and universities to borrow more to fund campus construction, balance sheet resources should continue to provide a sound debt cushion.

Moody's Related Research

Outlooks

- U.S. Higher Education Outlook: Six-Month Update, July 2008 (109911)
- 2008 U.S. Higher Education Outlook: Stable Outlook for 2008 as Both Challenges and Strengths Intensify in the Longer Run, January 2008 (107007)

Median Report

- Moody's Fiscal Year 2007 Private College and University Medians, June 2008 (109654)

Special Comments

- Moody's Approach To Analyzing Governance Of Private Higher Education And Not-For-Profit Organizations, December 2004 (89757)
- Demographic Trends Indicate Continuing Student Demand for Most Colleges & Universities, June 2006 (97788)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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Appendix I

Rated ACCU Member Institutions

Alphabetical Listing		
ACCU Institution	State	Current Moody's Rating
Bellarmino University	KY	Baa2
Boston College	MA	Aa3
Canisius College	NY	Baa2
Catholic University	DC	A2
Christian Brothers University	TN	Baa3
Clarke College	IA	Ba1
College of New Rochelle	NY	Baa2
College of Saint Rose	NY	Baa2
College of St. Benedict	MN	Baa2
College of St. Catherine	MN	Baa1
College of St. Scholastica	MN	Baa2
College of the Holy Cross	MA	Aa3
Creighton University	NE	A2
DePaul University	IL	A3
Dominican University of California	CA	Baa3
Duquesne University of the Holy Spirit	PA	A2
Emmanuel College	MA	Baa1
Fairfield University	CT	A3
Fordham University	NY	A2
Gannon University	PA	Baa2
Georgetown University	DC	A3
Georgian Court University	NJ	Baa1
Gonzaga University	WA	A3
Iona College	NY	Baa3
John Carroll University	OH	A2
Le Moyne College	NY	Baa2
Loyola College in Maryland	MD	A2
Loyola Marymount University	CA	A2
Loyola University	LA	A1
Loyola University of Chicago	IL	A2
Merrimack College	MA	Baa3
Mount Saint Mary's University	MD	Baa3
Providence College	RI	A2
Sacred Heart University	CT	Baa3
Saint Michael's College	VT	A3
Saint Vincent College	PA	Baa1
Santa Clara University	CA	A1
Seton Hall University	NJ	A3
Siena College	NY	A3
St. Anselm College	NH	A3
St. Edward's University	TX	Baa2
St. John's University	NY	A3
St. John's University (Order of St. Benedict)	MN	A2
St. Joseph's College	NY	A3
St. Marys College of California	CA	A3
St. Mary's University	TX	A3
St. Mary's University of Minnesota	MN	Baa1
St. Peter's College	NJ	Ba1
Stonehill College	MA	A2
University of Dallas	TX	Baa2
University of Dayton	OH	A2
University of Notre Dame	IN	Aaa
University of San Diego	CA	A2
University of St. Thomas	MN	A2
Villanova University	PA	A2

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Rated ACCU Member Institutions

Listed by Ratings

ACCU Institution	State	Current Moody's Rating
University of Notre Dame	IN	Aaa
Boston College	MA	Aa3
College of the Holy Cross	MA	Aa3
Loyola University	LA	A1
Santa Clara University	CA	A1
Catholic University	DC	A2
Creighton University	NE	A2
Duquesne University of the Holy Spirit	PA	A2
Fordham University	NY	A2
John Carroll University	OH	A2
Loyola College in Maryland	MD	A2
Loyola Marymount University	CA	A2
Loyola University of Chicago	IL	A2
Providence College	RI	A2
St. John's University (Order of St. Benedict)	MN	A2
Stonehill College	MA	A2
University of Dayton	OH	A2
University of San Diego	CA	A2
University of St. Thomas	MN	A2
Villanova University	PA	A2
DePaul University	IL	A3
Fairfield University	CT	A3
Georgetown University	DC	A3
Gonzaga University	WA	A3
Saint Michael's College	VT	A3
Seton Hall University	NJ	A3
Siena College	NY	A3
St. Anselm College	NH	A3
St. John's University	NY	A3
St. Joseph's College	NY	A3
St. Marys College of California	CA	A3
St. Mary's University	TX	A3
College of St. Catherine	MN	Baa1
Emmanuel College	MA	Baa1
Georgian Court University	NJ	Baa1
Saint Vincent College	PA	Baa1
St. Mary's University of Minnesota	MN	Baa1
Bellarmino University	KY	Baa2
Canisius College	NY	Baa2
College of New Rochelle	NY	Baa2
College of Saint Rose	NY	Baa2
College of St. Benedict	MN	Baa2
College of St. Scholastica	MN	Baa2
Gannon University	PA	Baa2
Le Moyne College	NY	Baa2
St. Edward's University	TX	Baa2
University of Dallas	TX	Baa2
Christian Brothers University	TM	Baa3
Dominican University of California	CA	Baa3
Iona College	NY	Baa3
Merrimack College	MA	Baa3
Mount Saint Mary's University	MD	Baa3
Sacred Heart University	CT	Baa3
Clarke College	IA	Ba1
St. Peter's College	NJ	Ba1

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Appendix I I

Medians of ACCU Rated Catholic Colleges and Universities compared to Medians of All Other Private Colleges and Universities

All Other Private Colleges and Universities	ACCU Member Institutions*	Private College Medians**
Key Financial Statistics		
Total Direct Debt (\$000)	\$75,814	\$88,209
Unrestricted Financial Resources (\$000)	\$74,714	\$107,644
Expendable Financial Resources (\$000)	\$103,106	\$161,449
Total Financial Resources (\$000)	\$162,013	\$250,998
Total Cash & Investments (\$000)	\$170,481	\$254,136
Total Revenues (\$000)	\$85,376	\$94,016
Total Expenses (\$000)	\$84,737	\$88,162
Total Gift Revenue (\$000)	\$10,722	\$14,798
Average Gift Revenue (\$000)	\$9,723	\$13,219
Market Data and Ratios		
Total Full-Time Equivalent Enrollment	4,392	2,735
Primary Selectivity	65%	53%
Primary Matriculation	26%	32%
Net Tuition per Student	\$15,636	\$18,101
Total tuition discount	30%	30%
Capital Ratios		
Unrestricted financial resources-to-direct debt (x)	0.9	1.3
Expendable financial resources-to-direct debt (x)	1.2	1.9
Total financial resources-to-direct debt (x)	1.9	2.9
Age of plant (years)	11.3	11.2
Balance Sheet Ratios		
Unrestricted financial resources-to-operations (x)	0.6	1.2
Expendable financial resources-to-operations (x)	0.9	1.5
Free expendable financial resources-to-operations (x)	0.2	0.6
Total financial resources-per-student	\$31,091	\$86,911
Operating Ratios		
Average operating margin	4.0%	3.2%
Average gifts per student	\$2,204	\$4,457
Operating Cash Flow Margin	14.4%	13.2%
Average debt service coverage (x)	2.7	3.1
Average MADS coverage (x)	2.3	2.2
Return on net assets	12.8%	14.3%
Return on financial resources	16.7%	16.9%
Contribution Ratios		
Tuition & Auxiliaries (% of Total Revenue)	82%	68%
Investment Income (% of Total Revenue)	5%	9%
Gifts (% of Total Revenue)	6%	7%
Grants and contracts (% of Total Revenue)	3%	2%

*Medians based on FY 2007 financial data and fall 2007 enrollment data for the institutions listed in Appendix I

**Medians based on FY 2007 financial data and fall 2007 enrollment data for private colleges and universities rated by Moody's but not members of ACCU.

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Appendix III

ACCU Rated Catholic College and University Medians
FY 2003-FY 2007

	2003	2004	2005	2006	2007
Key Financial Statistics:					
Total direct debt (\$000)	\$52,593	\$52,871	\$51,960	\$53,198	\$75,814
Unrestricted financial resources (\$000)	\$42,121	\$48,491	\$52,456	\$64,266	\$74,714
Expendable financial resources (\$000)	\$58,731	\$69,939	\$79,290	\$86,477	\$103,106
Total financial resources (\$000)	\$101,409	\$109,410	\$118,299	\$149,905	\$162,013
Total cash & investments (\$000)	\$103,123	\$121,352	\$113,361	\$153,631	\$170,481
Total revenues (\$000)	\$72,333	\$76,698	\$78,519	\$80,562	\$85,376
Total expenses (\$000)	\$72,076	\$74,987	\$79,618	\$82,627	\$84,737
Total gift revenue (\$000)	\$8,380	\$7,068	\$8,745	\$10,321	\$10,722
Average gift revenue (\$000)	\$9,000	\$8,170	\$8,213	\$9,179	\$9,723
Market Data and Ratios:					
Total enrollment FTE (#)	4,100	4,121	4,132	4,369	4,392
Primary selectivity (%)	72.0%	70.2%	72.0%	69.5%	64.8%
Primary matriculation (%)	31.1%	31.1%	29.8%	27.7%	26.2%
Net tuition per student (\$)	\$12,371	\$12,641	\$13,521	\$14,579	\$15,636
Educational expenses per student (\$)	\$16,551	\$17,108	\$17,944	\$18,500	\$19,244
Total tuition discount (%)	28.2%	29.0%	29.1%	29.6%	29.8%
Capital Ratios:					
Unrestricted financial resources-to-direct debt (x)	0.8	0.8	0.8	0.9	0.9
Expendable financial resources-to-direct debt (x)	1.0	1.0	1.1	1.2	1.2
Total financial resources-to-direct debt (x)	1.5	1.6	1.7	1.9	1.9
Total cash & investments-to-direct debt (x)	1.6	1.7	1.8	1.9	2.1
Debt service to operations (%)	5.5%	5.6%	5.7%	5.6%	5.7%
MADS to operations (%)	7.7%	7.3%	6.6%	6.5%	6.1%
Balance Sheet Ratios:					
Unrestricted financial resources-to-operations (x)	0.5	0.5	0.6	0.6	0.6
Expendable financial resources-to-operations (x)	0.7	0.7	0.7	0.8	0.9
Free expendable financial resources-to-operations (x)	-0.04	0.01	0.04	0.10	0.15
Total financial resources-per-student (\$)	\$21,948	\$23,769	\$25,599	\$30,346	\$31,091
Operating Ratios:					
Operating margin (%)	4.0%	3.6%	3.7%	4.9%	5.8%
Average operating margin (%)	3.9%	3.9%	3.7%	3.7%	4.0%
Average gifts per student (\$)	\$2,254	\$2,170	\$2,122	\$2,222	\$2,204
Operating cash flow margin (%)	13.3%	12.6%	13.4%	13.6%	14.4%
Direct debt service coverage (x)	2.4	2.6	2.4	3.0	2.9
MADS coverage (x)	1.7	1.9	2.1	2.2	2.6
Average debt service coverage (x)	2.3	2.5	2.4	2.6	2.7
Average MADS coverage (x)	1.6	1.8	1.9	2.0	2.3
Return on net assets (%)	2.1%	9.6%	7.6%	9.5%	12.8%
Return on financial resources (%)	-0.9%	12.5%	9.2%	10.5%	16.7%
Contribution Ratios:					
Tuition & auxiliaries (%)	80%	83%	83%	82%	82%
Investment income (%)	6%	5%	5%	5%	5%
Gifts (%)	6%	6%	6%	6%	6%
Grants and contracts (%)	4%	3%	3%	3%	3%
Other (%)	2%	2%	2%	2%	2%

*Medians based on FY 2007 financial data and fall 2007 enrollment data for the institutions listed in Appendix I

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Appendix IV**FY 2003 - 2007 Compound Annual Growth Rate for ACCU Rated Colleges and Universities Compared to Other Private Colleges and Universities**

	ACCU Member Institutions*	Private College Medians**
Total Direct Debt	9.6%	11.9%
Unrestricted Financial Resources	15.4%	17.3%
Expendable Financial Resources	15.1%	14.2%
Total Financial Resources	12.4%	12.8%
Total Revenues	4.2%	5.2%
Total Gift Revenue	6.4%	9.3%
Total Full-Time Equivalent Enrollment	1.7%	0.2%
Net Tuition per Student	6.0%	4.7%
Total financial resources-per-student	9.1%	11.4%
Average gifts per student	-0.6%	-1.0%

*Medians based on FY 2007 financial data and fall 2007 enrollment data for the 54 institutions listed in Appendix I

**Medians based on FY 2007 financial data and fall 2007 enrollment data for private colleges and universities rated Moody's but are not members of ACCU.

Spotlight on U.S. Catholic Higher Education Sector

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Author	Senior Associate	Editors	Production Specialist
Diane F. Viacava	Nataliya Loengard	Roger Goodman John Nelson	Ida Chan Cassina Brooks

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